

State Dept. declassification & release instructions on file

GENERAL

1. Austria ready for economic talks with Yugoslavia--According to US representative Reber at the Austrian treaty negotiations in London, Austrian Foreign Minister Gruber has indicated his willingness to undertake direct economic conversations with the Yugoslavs. Gruber proposes that such conversations be directed toward a satisfactory trade agreement under which Austria would export heavy industrial products on terms favorable to Yugoslavia. Reber indicates that such an agreement might facilitate the conclusion of a peace treaty. He adds that Gruber would like, before entering upon such negotiations, to know the views of the US, particularly concerning future shipments to Yugoslavia.

CIA-S

2. Berlin currency changeover set for 20 March--US Embassy Paris has been told informally that the French have accepted the US position on the Berlin currency but are holding out for 20 March as the date for the changeover to exclusive use of the western mark. The US Army is advising General Clay of US acceptance of that date for the changeover. The Department of State advises Embassy Paris that it is essential for the three western powers to treat this date as a firm commitment and expresses the hope that military government experts will press forward with the necessary preparations.

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EUROPE

3. FRANCE: Government policy on Communist "treason"--US Embassy Paris has learned from a high French official that the Interior Ministry intends, in combatting the "treasonable" Communist line, to place emphasis "on what the Communists do rather than what they preach." The official believes that the Kremlin expects

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TOP SECRET

Western European Communists not only to undermine European morale but also to engage in military and industrial espionage and eventually sabotage. The official thinks it may sometime be necessary for France to mobilize the men in every plant which is working for national defense.

(CIA Comment: CIA considers that the French Communist Party is likely to make plans for sabotage, especially against the armaments industry, but that the Communists are not likely to possess the capabilities for large-scale sabotage in the near future.)

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